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FILE: 20-3

MEMORANDUM FOR: Deputy Director for Administration

FROM: Robert W. Magee  
Director of Personnel

SUBJECT: Proposal for an Alternative to Forfeiture of Annual Leave

1. ACTION REQUIRED: Your concurrence with the proposal contained in paragraph six.

2. BACKGROUND: Because the Agency has chosen to closely follow government-wide rules concerning forfeiture of annual leave, many of our employees lose significant amounts of leave each year. Although we remind employees each year of the need to plan annual leave so as to avoid forfeiture, a total of 114,000 hours was lost last year alone. While detailed records are not available, we understand from the Office of Finance that the annual figure for forfeited leave for the past five years is about 100,000. In our attempts to compare this data with other federal agencies, we found that the amount of forfeited annual leave in places such as NSA, OPM and State Dept is so insignificant that statistics are seldom requested and not readily available. We believe that annual leave lost by Agency employees, for the most part, can be attributed to a sense of dedication and professionalism on the part of our employees which deters many of them from using, or even requesting, annual leave in the face of work pressures. At the same time, we believe that those same employees do not seek restoration of lost leave for the same reasons they may be losing it--unable to take all the leave they regularly earn, they do not see how they can take the additional amount of restored leave. The result of this phenomenon is that our current leave policy, which is fashioned after the provisions of Title 5 of the U.S. Code, penalizes rather than rewards our most dedicated employees.

3. DISCUSSION: While the simplest solution to the problem would be to establish a policy that would allow unlimited accrual of annual leave, such a policy would eliminate what is intended as one of the distinctive benefits reserved for the Senior Executive Service (SES) and other similar systems. More importantly, however, emerging OMB and Congressional disquiet about the increasing unfunded liability for future lump-sum annual leave payments to SES employees at their resignation or retirement may make such an initiative unwise. Additionally, it is suggested that we should encourage employees to take a minimum amount of vacation and personal time, especially since the type of employee who loses leave is typically the hard worker who is more susceptible to "burn-out."

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4. RECOMMENDATION: Our review of this issue leads us to conclude that what is required to resolve this problem is nothing less than a bold, new, initiative which represents a step away from our traditional and self-imposed attachment to Title 5 leave rules. Our first recommendation is to pay our employees, at least to some extent, for annual leave which they otherwise would forfeit.

5. If you agree with this general concept, then we propose the following options for your consideration:

Option 1: Retain the existing carry-over limitations but reimburse employees at the end of the leave year for up to 80 hours of annual leave which would otherwise be forfeited, provided the employee had taken a minimum of three weeks (15 work days) annual leave in that leave year. These conditions would limit reimbursement to employees who are accruing annual leave at the rate of 8 hours per pay period (those with 15 years or more of federal service), and those who have accumulated a considerable leave balance even at the lesser rate of accrual.

This option would prevent the unfunded liability of concern to Congress, provide a tangible reward for demonstration of the work ethic we value so highly, and still encourage employees to take some annual leave. In effect, we would be "buying" more production (defined here as presence on the job) from our existing work force. While the cost of this option is difficult to project with any degree of accuracy, the requirement to take a minimum of three weeks of annual leave will hold the figure considerably below the cost of reimbursing for the entire 100,000 hours forfeited each year. The following options would limit the cost even further.

Option 2: Retain the carry-over limitations and minimum usage requirements outlined in option 1, but reimburse employees for up to 80 hours of only that annual leave which would be forfeited due to public exigency, illness or administrative error. The primary difference between this option and option 1 is that employees must have documented the circumstances which prevented them from taking the leave, thereby reducing the cost to the Agency.

Option 3: We could adopt essentially the same policy outlined in option 2, with the additional requirement that employees seeking reimbursement would be eligible only if they forfeited annual leave during the previous leave year. Having established eligibility under this option, employees would remain eligible for reimbursement for up to five years. After five years, eligibility would have to be reestablished through forfeiture of leave during one leave year.

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6. If you agree with the concept of payment for forfeited annual leave, or with any of the proposed options, we will work with the offices most affected to develop a recommendation for a specific policy change to be considered by the DCI. Although the authority for such changes in our annual leave system would be Section 8 of the CIA Act of 1949, as amended, which does not require advance notification to our oversight committees, we believe such notification would be well-advised as a matter of policy.

Robert W. Magee

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A. Concur with concept of payment for forfeited annual leave:

/s/ Harry E. Fitzwater

Deputy Director for Administration

Date

7/11/85

B. Pursue option # 2:

Deputy Director for Administration

Date

C. Develop additional options as follows:

Deputy Director for Administration

Date

STAT

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